



Business Advisor Counseling Guide

Business Advisor Counseling Guide

Montana SBDC Network

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** pull-out guides and checklists*

Purpose of the Guide

The Guide provides an introduction to the Montana SBDC Program (MTSBDC), an orientation of the general framework of Host Agencies, and the roles and responsibilities of the core personnel and Business Advisors. It may be used as an orientation and a basis for further skills development for new Center Directors, Business Advisors, and key support staff.

Introduction to the Counseling Program

Objectives

- A. Participants will know the mission and vision of the MTSBDC.
- B. They will understand the organization's commitment to high professional standards and ethical behavior and their responsibilities.
- C. They will understand case management.
- D. They will know basic communication and coaching skills used in counseling interactions.
- E. They will understand documentation requirements.

Users of the Guide are encouraged to provide feedback on its practical applications in order for it to evolve as a useful management tool for SBDC Center Directors and core personnel.

Submit feedback to:

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Orientation to the SBDC Network

Federal and State Partnership for Small Business

The MTSBDC program has major funding through three major partners: The U.S. Small Business Administration (SBA), Montana Department of Commerce (MDOC), and local economic development organizations. MDOC has a cooperative agreement with the SBA to manage the SBDC Program for the State of Montana.

The SBDC program was established with federal legislation called the Small Business Development Center Act of 1980. SBDCs are the SBA's largest technical assistance partner. They are responsible for developing programs and providing services that effectively meet the economic development goals and initiatives of the State, the SBA and the local partners.

Within this partnership, MDOC, through the MTSBDC, is the implementing agency that:

- A. Advocates for and promotes the national and state SBDC program;
- B. Coordinates and secures annual funding for the program;
- C. Consolidates and formulates strategic directions and gives guidelines to the centers;
- D. Provides program administration, management, monitoring and evaluation.

The SBDC Program is designed to provide high quality business and economic development assistance to small businesses and nascent entrepreneurs (pre-venture) in order to promote growth, expansion, innovation, increased productivity and management improvement. To accomplish these objectives, SBDCs link resources of the federal, state and local governments with the resources of the educational community and the private sector to meet the specialized and complex needs of the increasingly diverse small business community.

Montana SBDC Network Delivery System

The SBDC network currently has 10 regional service centers across the state, staffed by one person who acts as counselor, trainer and manager. Each region covers multiple counties, between two and ten, with an average of approximately six counties per region. The regions span distances of 5,408 square miles to nearly 20,000 square miles, with an average of 14,557 square miles per service area.

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There are ten existing SBDC service centers within the region. These are:

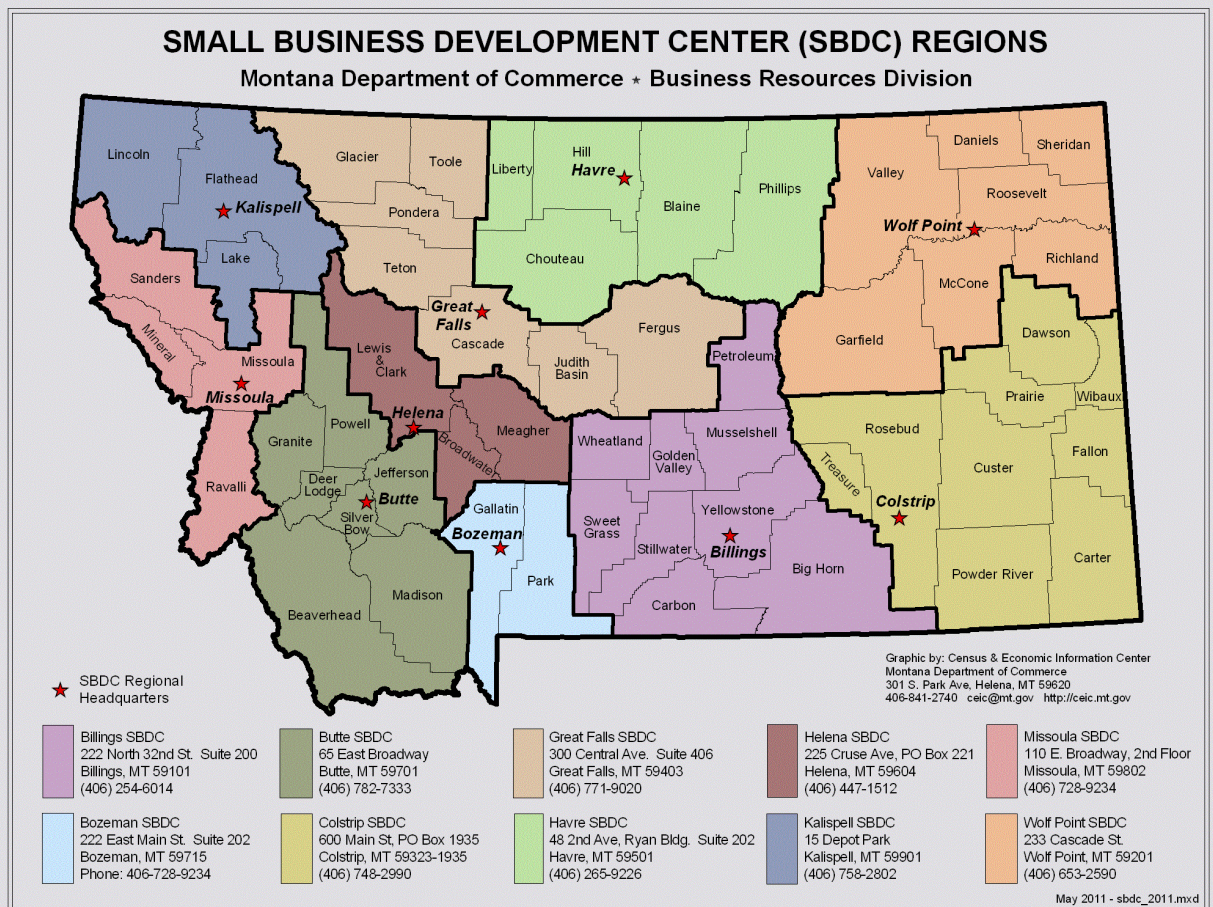
- | | |
|---|---|
| A. Billings SBDC – Big Sky Economic Development Authority | F. Havre SBDC – Bear Paw Development Corp |
| B. Bozeman SBDC – Montana Community Development Corporation | G. Missoula SBDC – Montana Community Development Corp. |
| C. Colstrip SBDC – Southeastern Montana Development Corp | H. Wolf Point SBDC – Great Northern Development Corp |
| D. Great Falls SBDC – Great Falls Development Authority, Inc. | I. Helena SBDC – Montana Business Assistance Connection, Inc. |
| E. Kalispell SBDC – Kalispell Area Chamber of Commerce | J. Butte SBDC – Headwaters RC&D Area, Inc. |

Local hosts for Sub-Centers include not-for-profit Economic Development Corporations and a Chamber of Commerce. Local SBDC Host Agencies utilize employees as Business Advisors for client counseling and training.

Montana, the 4th largest state in terms of land area, has an estimated population of 989,415 as of December 21, 2010 and a population density of 6.8 persons per square mile. Montana has 56 counties, 129 municipalities, and seven Indian Reservations located in Big Horn, Blaine, Flathead, Glacier, Hill, Rosebud, and Roosevelt Counties. Montana's population in 2010 was predominately white at 89.4%. The largest minority population is made up of Native Americans at 6.3% followed by a Hispanic population at 2.9%.

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Montana SBDC Network



Montana SBDC Network

VISION

The Montana Small Business Development Centers Network is to be the most highly recommended source of results-driven business assistance in the state and a major contributor to sustaining a healthy, growing, and globally competitive small business sector in Montana.

MISSION

The mission of the Montana Small Business Development Center network is to guide existing and start-up businesses toward profitability in order to create jobs and economic wealth in Montana.

CORE VALUES

- helping clients realize their business dreams
- business advisor professionalism and integrity
- the important role played by the SBDC in economic development
- commitment to the client - the SBDC network makes decisions in the best interest of the client
- accountability through reporting
- continuous learning and improvement (the business advisor and the client) as an integral part of the commitment to the client

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Small Business Development Center Framework

Core Services

Each SBDC service center will offer free one-on-one counseling to small businesses. Additional center services are guided by local needs and the resources available to them.

Counseling Services

Generalist Orientation - These are counseling services that cover a broad range of client needs such as problem identification, enterprise diagnostics, business planning and functional areas of marketing, operations, personnel, financial management and financing for small business.

Specialist Orientation - These are counseling services that require, beyond a generalist orientation, Business Advisor expertise in one or more areas that may be industry specific and/or a functional area. Industry specialization may involve knowledge of industry-specific trends, markets, practices and industry resources. Functional expertise may involve specialization in government procurement, environmental compliance, SBIR/STTR, loan packaging, advertising and promotion, personnel, accounting, and international trade, among other areas. The MTSBDC currently has two consultants that specialize in SBIR/STTR, but are not funded under the SBA Cooperative agreement.

Training Programs

Core Curriculum - Centers in our region offer (or ensure they are offered by a resource partner) basic workshops meeting regional standards for core needs for every new business owner in the topic areas of Business Plan writing, financial management, Marketing, and Start ups.

Short-term Seminars and Workshops - These one-time sessions (2-4 hours) are used as an orientation for new and potential entrepreneur-clients. In most centers they are referred to as “Biz 101” classes. Others cover an introduction to special programs and initiatives (i.e. loan programs, SBA financial programs and incentives, etc.) as well as industry or functional (i.e. marketing craft items or operating home-based businesses) areas of small business.

Workshop Series - A series of two to four integrated sessions on a specific topic such as Business Finance 101, SBIR Proposal Writing, Financial Management, and Cash Flow Management.

Comprehensive Programs - These are variations of small business training programs conducted over several sessions (20 - 50 hours) that may cover the following objectives: enhancing business management skills, research and completion of a business plan and building entrepreneurial character. Many centers have developed their own curriculum, but some utilize nationally recognized materials such as NxLevel, FastTrac, or Core Four entrepreneurial training manuals. These may also include mentoring roundtables such as “Peerspectives”.

Information and Referral Service

Centers provide applicants and clients with access to up-to-date informational pamphlets, reference guides, market information, industry reports and trends, do-it-yourself workbooks, computing and internet, and on-line facilities. Center staff is also versed in other local resources for entrepreneurs.

Specialized Services

These are defined as special initiatives and programs (i.e. business incubators, industry clusters, etc.) as determined to meet local, regional, or statewide needs of the target clientele. The Montana SBDC offers no specialized services at this time.

Basic Features of Service-Center Services

Center operations are guided by the overall objective of efficiency in the use of resources and effectiveness in results-oriented direct client service provision. These are translated into an operating framework that would have the following features:

Client assessment screening and selection - A process that all clients undergo with the aim to provide them with or refer them to the most appropriate type of assistance. Client assessments ensure the selection of clients into the SBDC system who have the potential for long-term business viability and success. See Appendix B- Initial Contact Triage

Comprehensive - The SBDC portfolio of services attempts to "fill the gaps" in business assistance through direct services and a referral process to ensure people's needs are met in a timely and appropriate manner.

Integrated service delivery process - In recognition of the unique needs of clients that progress through various stages of business development, SBDCs establish counseling, training and other programs that serve to augment each other so that clients have access to optimal resources within the means of the Center. SBDC's services are implemented in progressive stages to conform to the phases of business development from start-up to growth.

Locally Responsive - SBDC services are adapted to (or adapt to) the needs of its target groups. Service delivery varies, but it may involve industry cluster training and counseling, exploring internet and on-line service provision and area-specific "outreach" programs.

Coordinated - Through its networking strategies, SBDC coordinates its services with that of other organizations involved in economic development to increase transparency, reduce confusion, improve service efficiencies and avoid costly duplication.

Tracking and Feedback Mechanism - The Web based Client Activity Tracking System (CATS) is a system SBDC uses to monitor client progress and the use of resources to create economic impact.

Progressive - SBDC strives to keep improving the quality of its services to its clientele by using a monitoring and program evaluation system, improving its existing service delivery mechanisms, exploring new program initiatives and expanding its product lines.

Role of Business Advisors in the SBDC Program

Business Advisors are employed by the SBDC Host Agency to provide one-on-one counseling services to assigned clients. This means that Business Advisors work to provide a "client-centered" counseling approach leading to the long-term viability and success of the clients.

Responsibilities

Business Advisors contribute to the achievement of the network's mission and goals as well as to the individual success of the clientele it serves.

While one-on-one client counseling is an effective means for client-based, results-oriented assistance, it can also be the most expensive form of small business assistance (vis-à-vis training and information) and therefore it must be used judiciously.

Business Advisors can best serve clientele within the following guidelines:

- A. Continually assess priorities, methods and requirements for client consulting and services.
- B. Focus on working with clients that have potential for positive improvements, growth and economic impact.
- C. Develop a counseling "scope of work" that is explicit, results-oriented, achievable within a reasonable time-frame and leading to economic impact.
- D. Build on a client counseling relationship that sets out to achieve incremental economic impact within realistic timeframes and resources.
- E. Recognize and utilize inter-related resources within the host agency and service center (training workshops and other Resource Providers) and direct clients to these resources as appropriate.
- F. Regularly and consistently keep records of the progress of Business Advisor-client sessions using CATS (See Appendix E, WebCATS User Guide).
- G. Provide feedback to the State Director on the effectiveness of direct services and the resources available
- H. Ask clients to support center goals and procedures, to provide a regular update on changes in their businesses and to help promote the efforts of the SBDC program with its target groups and the local community.
- I. Adhere to the SBDC Code of Conduct and the Conflict of Interest Agreement (See MDOC Host Agency Contract Exhibit (8)).

Criteria for Business Advisor Selection and Evaluation

Counseling is an established profession that has proven to be an essential resource for new and growing small businesses. Business Advisors should embrace the following criteria:

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- A. **Rapport with the Client:** mutual understanding, trust and a working relationship with the director and the client's attitude to work with the Business Advisors as a person.
- B. **Professional Integrity:** how the Business Advisors interpret and respect the code of ethics and conduct (on the following page).
- C. **Technical Competence:** knowledge and experience needed for dealing with the client's technical problem and producing results of a desired level and quality for the Host Agency as well as for clients assigned to them.
- D. **Assignment Design:** ability to define and clarify the "scope of work" with the client and its expectations that demonstrate the Business Advisor's understanding (assessment) of the client's specific problems and the approach to take to resolve them.
- E. **Capability to Deliver:** the ability to access other related services, resources, location, flexibility and other features of the SBDC and other local business resources, demonstrating the skill to actually deliver what was promised to the Host Agency and to the small business client.
- F. **Ability to Mobilize Integrated Resources:** timely and appropriate referrals to the expertise of other Center Business Advisors, training programs, new SBA programs and other resources.
- G. **Certification of Competence and/or Quality:** Completion of the Certified Business Advisor Program.
- H. **Professional image of the Business Advisors:** the Business Advisor's experience, education, conduct and demeanor should convey a professional polished image, and build the credibility of the SBDC team.

Business Advisor Certification

All Business Advisors of the MTSBDC who are SBDC employees, who are primary counselors for any clients or who have WebCATS access, will take and pass the general orientation certification within one (1) year of first engagement with an SBDC client. WebCATS, Appendix E.

Standards of Professional Conduct

The MTSBDC is organized to provide entrepreneurial assistance for small businesses. To this end we:

- A. Promote high standards of conduct,
- B. Communicate those standards to the public,
- C. Employ or contract with individuals of competence who have agreed to uphold the MTSBDC's standards, and
- D. Have no representatives whose conduct has resulted in a criminal conviction or civil judgment that would cause the public to question the SBDC's business integrity.

The Standards of Conduct and the Conflict of Interest Policy acknowledge the obligation of all agents of the MTSBDC to uphold conduct and disclosure principles as prescribed in these standards. Our standards notify the public that representatives of the SBDC will maintain a high level of professionalism and ethics. These standards also require individuals to accept the obligation to conduct themselves in a way that is beneficial to the small business community.

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The MTSBDC enforces the Standards of Conduct and Conflict of Interest Policy by receiving and investigating all disclosures, complaints or perceived violations of our standards and by taking disciplinary and or civil action against any individual if found to be in violation of the policy. The goal is to maintain the highest possible professional and ethical conduct.

Professional Attitude

The reliance of owners and managers of Montana's small businesses on the advice of the MTSBDC Business Advisors and staff imposes an obligation to maintain high standards of integrity and competence. Therefore, MTSBDC Business Advisors and staff have the basic responsibilities to:

- A. Hold the affairs of their clients in strict confidence,
- B. Strive continuously to improve their professional skills,
- C. Advance the professional standards of the MTSBDC,
- D. Uphold the honor and dignity of the MTSBDC, and
- E. Maintain the highest standards of personal conduct.

Conflict of Interest Policy

See appendix A

Client Assessment and Selection

The vision of the MTSBDC is to be the most highly recommended source of results-driven business assistance in the state and a major contributor to sustaining a healthy, growing, and globally competitive small business sector in Montana.

Client assessment and selection is a critical piece of the SBDC service delivery mechanism. The client assessment sets in motion the center's allocation of resources that ensures its overall efficiency and effectiveness. With proper assessment and referrals, applicants and clients are able to focus their resources, time and effort toward activities that are most likely to advance them toward their personal goals; Business Advisors find greater satisfaction in working with clients that result in a positive outcome; and, for the Host Agency, the optimal allocation of limited resources (i.e. counseling and training) resulting in significant overall economic impact.

For effective and efficient utilization of SBDC resources, assess each prospect for his/her potential as an SBDC client before allocating consulting hours.

The general rule should be to maximize the total economic impact of SBDC services. To do this effectively, the Centers will have to adopt appropriate strategies with respect to the clients it selects and the projects it undertakes.

An acid test for selecting clients:

While there is no one way for client assessment and selection, the following are suggested criteria that serve to at least increase the likelihood of positive client development.

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- A. The applicant and/or small business is within the SBDC definition of target clientele: “*potential and existing businesses with fewer than 500 employees ...including traditionally underserved groups or areas¹*”.
- B. The applicant is committed and truly believes in the importance of the service.
- C. The applicant will be able to take advice and learn.
- D. The applicant is capable of absorbing the proposed assistance and acting on it.
- E. The applicant has the necessary resources or can assemble them as needed.
- F. There is preliminary indication of business viability.
- G. The business consultant has the technical competence needed by the client.

Several centers have their own assessment and screening procedures and tools. Included in the guide is a Initial Contact form by the Northern California SBDC lead center that can be used as a guideline. See Appendix C. Montana has a similar flow chart and an in-take form on Sharepoint.

Unfortunately, none of the applicant characteristics described above is easy to assess from an application form (Contact/Intake Form and the Client Request for Services). *An interview is therefore essential.* Using the above criteria, the Business Advisor or other support staff must judge the level of readiness of the applicants.

In addition to the above, the interviewer will need to assess:

- A. What the client’s *resource needs* are likely to be (for example: applicant assessments of financial needs are often too high or too low).
- B. Whether the *timing* is right for a particular applicant.
- C. Appropriate type of assistance required (information, training, counseling, referrals and/or specialized services). An Initial Intake form is included in Appendix C for reference. Each center may add to this piece as needed.

Two Categories of Prospective SBDC Clients

The MTSBDC definition of target clientele embraces two broad categories of prospective clients who may have distinctly different small business assistance needs:

A. Potential Entrepreneurs or Explorers

Potential entrepreneurs are those people exploring the possibility to start and manage their own small business. This is where all future small businesses start. Therefore, all of these people would benefit in one way or another from the SBDC pre-business workshops and/or service orientations.

People who want to proceed on to the next stages of business development (business planning, business registration, loan packaging, market expansion, etc.) will be spending [investing] more time, money and resources prior to business start-up and should be carefully selected to ensure that they know what to expect from SBDC services and are personally prepared to “invest” into the process.

Factors for Considering Potential Entrepreneurs

Business Knowledge and Preliminary Project Viability

- A. Shows prior research work
- B. Some knowledge about the market
- C. Has a well thought-out, clear business idea
- D. Has worked or received exposure in a family business
- E. Work experience higher than entry level – middle level or higher preferred
- F. Some experience being self-employed or selling something
- G. Has some idea of capitalization required

Note: Under-served are defined as: economically disadvantaged (limited access to capital, low income, affordability of services); cultural, ethnic, linguistic and racial minorities; women; veterans; disabled and the geographically disadvantaged (distance from services).

Personal and Business Resources Available

- A. Has some capital available for the business
- B. Knows where to secure equity financing if needed
- C. Owns or has access to idle equipment, land, materials, markets, manpower, etc.
- D. Possesses experience and/or business/technical skills relevant to the business

Entrepreneurial Motivation and Maturity

- A. Positive view about business opportunities in the region
- B. Leadership experience in some form or another
- C. Able to deal with rejection and failures – positively
- D. Moderate risk-taker
- E. Reason for not starting a business before – there should be no reason
- F. Personal investments – savings accounts, house, among others.

Overall Readiness

- A. Shows creativity – ability to see opportunity where other don't
- B. Entrepreneurial drive
- C. Physical and mental health
- D. Family is supportive
- E. Business intention – must show desire to start or expand within 6 months
- F. Well traveled – travel improves independence and exposure to new ideas

Existing Businesses

All of the factors considered for potential entrepreneurs above apply equally to existing businesses. Further, many studies on why small businesses fail consistently point out the following reasons: lack of proper business planning, insufficient capitalization, no business records and bookkeeping, and poor management decision-making.

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Most SBDC's clients who have existing businesses should have some form of business training and would greatly benefit from having a business plan. However, prospective clients who are already in business should also be looking for two main benefits from business training and counseling: improving business operating efficiencies (reducing costs) and increasing productivity (growth and expansion).

Existing entrepreneurs may, therefore, benefit from one or a combination of various consulting services and small business seminars. SBDC's must *properly diagnose* the needs and problems faced by existing businesses in order to prescribe (suggest) the proper management service for the client.

Some Suggested Guide Questions for Existing Businesses

- A. Do you have a business plan?
- B. How much is your business currently making in terms of gross sales? Net profit?
- C. Is your business making money for you? If so, why? If not, why not?
- D. Including yourself, how many employees do you have? How many are family members?
- E. How much is your business paying you?
- F. How much rent does your business pay?
- G. Do you maintain records and books?
- H. Do you think your market is big enough to support your business?
- I. How much inventory (worth) do you maintain?
- J. Are you up-to-date with current developments in your industry?

Interpretation of Responses

The questions above are designed to obtain a preliminary assessment of the overall health of the business – within 10-30 minutes if the interviewer is properly controlling the discussion. Given available time, the interviewer may probe further by using the Interview in Appendix D.

We can determine if the prospective client needs bookkeeping and other accounting services from some of the questions above by asking about the financial health of the business and the entrepreneur.

Assessing the overall management of the business may require a little more analysis. Rent and salaries usually constitute the bulk of fixed expenses and can be used as a gauge of whether the business is breaking even against sales. A persistent case of insufficient funds may stem from the owner/manager "dipping their hands in the till." Counseling on preparation of a cash budget and managing cash may be needed. The marketing-related questions assess their knowledge of competitors, customers, product development, related direct costs and industry trends and practices.

Assessing the SBDC Applicant

The role of the Small Business Development Center and Business Advisor has increasingly become important as numbers of potential and actual small businesses get started and grow. Counseling will enable clients to learn and progress while avoiding pitfalls and obstacles. Each individual will have a distinct set of abilities, needs, problems and ambitions.

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It is also important to note that small business clients come for counseling for different reasons. Some may come because they *want to start a business* and want training and financing assistance; others may come because they *have problems with their existing businesses*. The challenge is to determine and sort through those with *real needs, felt needs* (“I want”), *support needs* or *simple curiosity* to try SBDC services and what the consultant will do:

- Each applicant will be looking for something from the Center and the counseling session and will require at least some discussion of his or her immediate needs;
- Needs may include sorting out an urgent mess, specialist advice, training, financial assistance, reassurance, suggestions for what to do next, etc.
- Sometimes, however, applicants are “pushed” towards SBDC or referred by another agency and may not know what they want.
- Application assessments should try to draw out the potential of the clients and enable them to see how it can be applied towards their enterprises.
- It is critical in assessing client needs to keep a positive approach to the clients’ needs. No matter how unlikely you perceive their chances your counseling should focus on helping them to determine next steps. That may include questions designed to help them determine for themselves what will be necessary for success. Entrepreneurs have a consistent knack for “feeding naysayer’s their criticisms for breakfast”. Do not be the Business Advisor who told Google there wasn’t a market.

New Client Interview Process

It is up to the SBDC Administrative Assistant or the Business Advisor to initiate the interview by first giving some information about the SBDC and its services; and secondly, by getting the applicant to talk about his or her business. The client should, by this stage, feel confident about what services the Center offers and be sufficiently relaxed to talk freely about the key aspects of their business. For more detail see the First Session Checklist in Appendix D

*Key Counseling Points

- A. Create and convey a private, supportive environment.
- B. Encourage the applicant to talk by asking, in open-ended way, for information about their business (i.e. “explore the idea with you and see how we could be of assistance”).
- C. Ascertain the applicant’s perception of their needs and try to ensure that the key problems or needs are identified as quickly as possible.
- D. Listen. Show interest. Make notes (to follow-up). Elicit background information. The client should be talking more than you are.
- E. Control the process – prevent side issues from clouding the view. Focus.
- F. Check if their statement of the problem matches your diagnosis. Provide feedback.
- G. Be aware of when you need to withdraw from the situation if counseling or other SBDC resources cannot resolve the problem.
- H. Be aware of the applicant’s sensitivities – take more time if necessary.
- I. Place the onus on the applicant to undertake further actions as agreed. Advise but don’t dictate.
- J. Check that the applicant understands what you have told him/her – recap if necessary.
- K. Provide any relevant literature such as brochures, pamphlets, etc.
- L. Do not pre-judge the client’s proposed venture. In all cases assign homework appropriate to lead client to sound business decisions, and help them move forward.
- M. Enter notes into CATS and ensure to carry out commitments which you have agreed to as soon as possible.
- N. Follow-up and keep track of client progress.
- O. Encourage the client to check-in and report back on progress he or she is taking with his/her business if a follow up session is not scheduled during the session.

Client Counseling

ASBDC accreditation standard 4.1 states the purpose of counseling: “... to increase the management capability of the entrepreneur. . .”

An SBDC Business Advisor is charged with the client-counseling process:

In simple terms, “counseling” means giving advice or guidance. But there is more to it than just giving advice. In counseling, the primary objective of the consultation is to stimulate and orient the thinking process of the person being counseled toward solving a specific problem and/or to improve his/her business operations.

Counseling versus Consulting

SBDC Counseling is intended to help the entrepreneur to understand basic management principles and adapt the relevant skills to improve the performance of his/her business.

In the traditional understanding of ‘business consultancy,’ the consultant uses his or her own skills and expertise to diagnose the entrepreneur’s problems and provides ready solutions for him/her to implement. In doing so, the consultant provides a solution but not the skills and techniques to obtain the solutions. His/her solutions will no doubt help the entrepreneur to improve the performance of his/her business. But the entrepreneur does not acquire the problem solving skills. Therefore, when the entrepreneur faces another problem in the future, he or she is more likely to run to the consultant to seek appropriate solution to it rather than find his/her own solution. He/she may remain dependent on the consultant’s advice for a long time.

The SBDC Business Advisor, on the other hand, follows a client counseling process that does not provide ready solutions but helps the entrepreneur to find his/her own solutions. In this process, the entrepreneur acquires and adapts the necessary diagnostic and solution searching skills. He/she develops the ability to manage his/her enterprise well. As a result, the clients will be able to improve the performance of their businesses with minimum dependence on external assistance.

What is a Typical Client?

No entrepreneur or small business is exactly like another. Entrepreneurs have different levels of ambition, education, motivation, and sophistication. Small businesses vary greatly in size, type, industry, and stage of development. The problems and issues that entrepreneurs will bring to you about their businesses will vary even more! The point is that you will rarely have a boilerplate solution that fits all clients. Clients have the same human weaknesses as non-business owners.

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- A. You will often find that the client has inaccurately defined the problem - they believe they have a cash flow problem when in reality they need to increase sales.
- B. Some clients are inclined to omit important information - they want to apply for a loan but won't tell you that they filed for bankruptcy two years ago.
- C. A client may strongly desire to accomplish something but is unwilling to do the necessary work like writing a business plan for an interested potential investor.
- D. Clients also have needs that an effective Business Advisor will recognize.
- E. Clients need to be told how they are doing and to be reassured that their progress is normal.
- F. They need to know about other sources of information and assistance. They look for answers to their problems and for sources of money.
- G. Clients need help to accomplish tasks with which they are unfamiliar, such as preparing a loan proposal.
- H. Clients often just need someone to listen to them when they become frustrated with something about their business.

Most clients will have limited resources, assets, and time available to implement solutions.

- A. Many will avoid formal planning and then be plagued by the problems that result.
- B. Procrastination is very common.
- C. They learn best by "doing" rather than by reading and/or listening.
- D. The entrepreneur's business is a function of their ego and is their "child."
- E. They are often suspicious of the government.
- F. Clients are often lagging far behind the technological times, or, at the other extreme, are very far in the lead.

***Coaching Skills**

Coaching is a win-win interaction that fosters an atmosphere of teamwork that allows a Business Advisor with specific professional knowledge and experience to help a client acquire understanding and skills directly related to the client's business.

Effective coaching:

- A. Helps clients set better goals and guide them in reaching those goals.
- B. Asks clients to do more than they would have done on their own.
- C. Helps clients to focus more accurately on the specific problem or opportunity.
- D. Provides the tools, support, and structure to obtain better results--and to obtain them more quickly.

There are many tools that can be used in coaching that enable the client to become more adept at analyzing specific needs and implementing processes to fill those needs. Three of the most effective tools we use include:

- A. Work-Assignment
- B. Problem-Solving
- C. Processing Information and Determining Effective Action

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In order for you to coach a client in the use of these tools, the two of you will need to discuss them in advance and choose one as a means of attacking a particular need that the client has. The example writing a Business Plan is used in each of the three tools to give you a general idea of how to use them. The examples are simplified and are meant to offer guidelines.

Work-Assignment

This tool for coaching clients teaches them how to take a project or task and break it down into a step-by-step process. You and the client should:

A. Provide the Proper Environment:

1. Choose a reasonable, private, and quiet place in which to work.
2. Make sure the assignment fits the client's needs.
3. Tailor the assignment to the resources of the client.
4. If possible, prepare a "homework" assignment in advance of meeting with the client.

(Example – Does your office offer an environment conducive to writing a Business Plan? Does your client need to write a BP? Did you have the opportunity to discuss a "homework assignment" prior to the first counseling session? If not, have you thought about what the first "homework" assignment should be?)

B. Determine the Objective of the Assignment:

1. Establish the what, why, and when of the assignment
2. Clearly define the desired end result.
3. Anticipate possible questions and objections.

(For instance: Have you gone over all the reasons for writing a Business Plan? Have you discussed the benefits? Were you ready with suggestions to get your client started?)

C. Assure Understanding:

1. Review with the client the "what" and "why" of the assignment.
2. Ask the client if he or she understands and agrees with the assignment.
3. Watch, listen, and get the client involved in the "how".
4. Clarify expectations.

(Does the client agree that a Business Plan is necessary? Does he or she understand what it will accomplish? Have you remained silent long enough for the client to voice his or her own ideas as to what items should be included in the plan? Have the two of you agreed on what you expect from each other and from the finished plan?)

D. Set a Time Schedule:

1. Establish the importance of a schedule.
2. Get mutual agreement on the target date for completion.
3. Recommend the setting of incremental milestones.
4. Reach mutual agreement on the steps and on possible "homework".

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(Have you discussed breaking the Business Plan into smaller sections, with an expected completion time for each section? Does the client agree that a schedule will offer motivation for each increment, as well as positive reinforcement for completion of the total task? Have you agreed on a date for the first draft, no matter how “rough” it may be?)

E. Assure Acceptance:

1. Review the “how” of accomplishing the assignment.
2. Listen for new ideas that may have developed.
3. Ask how you can help with the assignment.

(Have you and the client reviewed the steps involved in writing the plan? Did the client have new suggestions or ways to accomplish the task? Are there more questions? Have you made sure the client knows what his or her first step is and how you can help?)

F. Leave the Door Open:

1. Suggest that the client come back or call at any time for any questions or problems.
2. Be available.
3. Make sure the client feels that his or her questions are valid and are important to you.
4. Check on the client’s progress, as appropriate.

(Does the client feel free to call you? Have you assured him or her that there are no “stupid questions”? Have you made a note to call the client if you have not heard from him or her by the agreed upon time? Remember the client drives the counseling process. If they are not done with homework by agreed upon times you should ask them to call you when they are ready to move forward, so you are not reduced to nagging.)

Using this coaching approach to help a client with an assignment, no matter how routine it may seem, will improve your client's ability to get the work done as well as your relationship with the client. It is important to remember not to overload the client with too much information or too much to do.

G. Review Work-Assignment Tool:

1. Review with your client the steps and how the two of you worked your way through them. This will allow the client to understand how to use the tool for other needs in the future.

Problem-Solving

Another excellent coaching tool is problem solving. If a client can learn to look at problem solving as a process and identify the stages within the process, he or she will be able to use this model over and over again as problems arise.

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- A. Define the Overriding Problem or Opportunity:** Identify what is standing in the way of achieving the desired goal. Ask the client what the “best-case-scenario” would be. Setting that “top line” often identifies where the problem currently lies and identifies the “gap” between the current situation and the top line.

(Example – Is the task of writing the Business Plan just too overwhelming? Is the best-case scenario that the Plan would already be written? Has anything been put down on paper? If not, in this case, the “gap” is significant, and the problem lies in getting started.)

- B. Identify Potential Causes or Barriers:** Getting the client to recognize the cause of the overriding problem or opportunity is not always easy. The coach very often encounters answers that are only symptoms of the problem. It is important for the coach to check the logic of the client’s own analysis in order to establish the real problem.

(Does the client insist that he or she just hasn’t had the time to write the Plan, when you suspect the real problem is that he or she doesn’t know what a Business Plan is or what it should include?)

- C. Select Most Likely Causes or Barriers:** There is generally no single barrier to the achieving of the desired result. Problems usually have multiple causes, some of which may be impossible to tackle. Sometimes there are extraneous factors beyond the control of the client. However, it is essential to help the client identify these factors and prioritize them according to degree of impact before he or she can move to the next step in the process.

(Does the client realize the importance of having a Business Plan? Does he or she know all the benefits of having a comprehensive BP? What to include? How to structure it? How to get started? Does he or she feel inadequate to do the actual writing? Are there true time or budget constraints?)

- D. Identify Possible Solutions:** At this stage, the client should have identified all the key causes of the problem. The next step, then, is to list all potential solutions. These solutions should be prioritized in some manner, such as feasibility of accomplishment, time required to complete, etc.

(Possible solutions: Schedule a time to discuss in depth all the advantages and benefits of having a Business Plan, as well as all the major components and why they are important to the eventual success of the company. Give examples. Offer suggestions and encouragement in regard to the actual writing of the Plan. Help the client to get started by choosing one component of the Business Plan and working on it with them. Be sure that something is actually on paper before the client leaves. Help the client recognize that even though some uncontrollable constraints usually exist, positive steps can be taken in other areas.)

- E. Select Most Appropriate Solutions:** These solutions will depend on several factors. Sometimes the solution that would be the most effective is not currently possible due to limited resources. Therefore, all solutions have to be ranked according to their effectiveness in solving the problem or removing the barrier, and also by how much they can be controlled or influenced by the client.

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(After ranking all of the solutions, perhaps the highest ranked one would be to simply get started by scheduling a session with the client for the purpose of actually writing a single component at that time. Perhaps, due to time constraints, the client will be unable to spend discussion time with you on advantages, benefits, key components, etc., and will need detailed information to take home.)

- F. Agree on Actions and Priorities:** Based on the above criteria, the client and coach should agree on the actions to be taken, as well as which ones to implement first.

(The two of you agree to a time for the next session, and that the purpose of the session is to write a Customer Profile. You provide the client with information on how to determine whom the typical customer is, and ask him or her to think about it between now and the next session.)

- G. Monitor and Support:** The final stage in the process of problem solving is making sure that the implementation actually begins and that it remains on schedule. Just as in the work assignment process, the open door is very important. Make sure the client knows that he or she can come to you at any time with any problem.

(Call the client the day before the appointment and remind him or her that the two of you are going to write the Customer Profile portion of the Business Plan. Ask if he or she has any questions or if there is anything else you can do to help. Do not meet with the client if they are not prepared.)

Remember to review all of these steps with your client if you are using this Problem-Solving Tool as a means to coach the client for handling future needs.

Processing Information and Determining Effective Action

This coaching tool provides a way of looking at a sequence of events and, based on what the information is “saying,” determining what action is needed at each particular juncture in the process.

There are five major areas to be considered in determining the meaning of the information and deciding what kind of action is needed. Each of these areas is characterized by a key question. Guide the client through these key questions:

- A. What went wrong?** If the information is telling you that there is a serious deviation from expected performance or results, then the effective action is one of “problem-solving.”

(Information - Your client expected to be able to get a small-business loan, based on the information contained in a one-page description of his or her business. The lending establishment insisted on a Business Plan before they would consider the client's request. Action - See the previous section on problem-solving, items A, B, and C.)

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- B. What should I do?** If the information is telling you that a decision needs to be made, then the effective action is one of “choice-making.”

(Information - Your client must decide whether to pursue other avenues of financing, continue operations as they are, or choose a method to comply with the lending establishment's requirement. Action – Review items D and E from previous section on problem solving.)

- C. How do I do it?** If the information is telling you that the decision needs to be implemented, then the effective action is one of “planning.”

(Information - Your client has decided to find out how to go about creating a Business Plan. He or she wants to know what the next step is. Action – Review “Your Business Plan Workbook” and discuss the steps involved in creating a BP.)

- D. What else could go wrong?** If the information is warning you that something could go wrong, then the effective action is one of “anticipating the problem.”

(Your client has decided to create the Business Plan, has discussed how to get started, but is still not sure that the BP will help him or her get the loan. Action – Encourage client to develop the BP whether they get a loan or not. It will still help him or her map out the business.)

- E. How am I doing?** When the information is telling you that the plan is made and controls are in place, then the effective action is one of “implementation.”

(Your client has decided to create a Business Plan, has discussed how to get started, has voiced concerns about the effectiveness of the BP, is convinced it's the way to go, has actually formulated a “rough draft”, and wants to know what to do next. Action – Review the draft and compare it to the outline in “Your Business Plan.”)

It is important for clients to recognize where they are in the sequence of events. They will need to gather additional information, and each situation will require different kinds of information. Knowing where they are in the sequence will help them know where to go for the information they need.

Remember to review these steps with your client if you are using this Processing Information and Determining Effective Action Tool as a means to coach your client for handling future needs.

Dealing with Procrastination

The preceding tools are valuable skills for any client to acquire. However, not one of them can be used effectively if the client has a tendency to procrastinate. Most procrastinators are hard workers. They also tend to be perfectionists, fear failure or success, and are not clear about their priorities. They frequently doubt their ability to do the job or doubt the importance of doing the job. In any case, procrastination is self-defeating. Here are some ways you can coach clients who may be procrastinating:

- A. Find out why they are procrastinating. What are they afraid of? What don't they like about doing the task?
- B. Help them take a large, overwhelming task and break it up into little pieces and have them do one piece at a time.
- C. Help them identify the easy or interesting parts of a large task and encourage them to start there.
- D. After several meetings and delays of promised work, take them back to the beginning. Remind them of what they said they wanted to do. Ask whether they still want to do it. Maybe they changed their mind. Use your good interviewing and listening skills to assess where the client is and suggest action based on this information.
- E. It is important to understand that you are responsible for coaching and helping make tasks manageable and do-able; but it is ultimately the client's responsibility to follow through.

Importance of Providing Reinforcement

Remember that counseling and coaching need to be combined with positive reinforcement. Recognizing good performance involves giving praise to clients who meet or exceed the expectations that have been mutually agreed upon. In order for the praise or recognition to be effective, it needs to be received and internalized by the client. This action can be accomplished by linking the praise directly to a specific performance, to the behaviors that resulted in that performance, and to the results of the actions. The following is a three-step approach that will help you clearly recognize and affirm the performance.

- A. **Describe the Situation or Task:** Focus on the accomplishment or activity that had a positive result. Make sure the client knows which accomplishment or activity you are praising:

"Pat, you did a great job on the first draft of your Business Plan..."

- B. **Describe the Behavior:** Focus on the behavior (what the client did or said) and the personal characteristics or values that contributed to the achieving of the result. Give specific examples so that the client knows which behaviors support the overall effort and can draw on them again in the future:

"Pat, you did a great job on the first draft of your Business Plan. You really put a lot of time into researching your competition..."

- C. **Describe the Result:** Focus on how the performance and behavior benefit the client's efforts and lead to the desired result:

"Pat, you did a great job on the first draft of your Business Plan. You really put a lot of time into researching your competition. Making that time commitment now and including the information in your Business Plan will really help you be ready for whatever your competition throws at you in the future!"

Desired outcomes from the first counseling session

The results of effectively applying the interpersonal skills and counseling and coaching tools described above include:

- A. A clear statement of the real problem or opportunity confronting the client.
- B. Client will have confidence in the Business Advisor.
- C. A clear set of action points.
- D. Concurrence with the Business Advisor.
- E. The client is motivated to action.
- F. The client has learned how to approach a problem of this kind in the future and find a solution.
- G. The client feels that he or she has learned something.
- H. The business advisor has a clear assessment of the client's position (business and personal) and has made a judgment of competency to act.
- I. Decisions have been clearly made as to whether the client will return (after completing the agreed-upon action).
- J. The client understands the role and potential of SBDC services.
- K. **The client is satisfied.**

Measuring Effectiveness of the Counseling Service

Attaining long-term business viability and success [as well as recognizing business failure] is a relatively gradual and long-term process. If there was a survey of SBDC clients done at this time, most of the respondents will say they are still in business. Clients generally feel good about assistance provided by SBDC Business Advisors. Only a small percentage report not being satisfied. Yet, many were not certain what specific results came out of SBDC assistance including the objectives of increasing sales and profits, jobs created and retained. Receiving capitalization assistance was the only category that clients were quite certain of as a result of SBDC assistance.

The time elapse from service provision (counseling and/or training) to success or failure can be 6 to 8 months - perhaps even longer. It is clear, therefore, that the objective has always been to help the client-entrepreneur to get it right the first time - quickly.

In order to do this, we must define a Business Advisor-client relationship that sets out short-term incremental steps that build the business (**economic impacts**) within realistic timeframes and resources. Both the client and Business Advisor need to be clear on what can be reasonably accomplished and how it might lead to economic impact. Since the client's bottom line is measured by sales and profits, the SBDC needs to document economic impact as a measure of its effectiveness.

The value of the counseling service, therefore, lies in taking in clients who have the willingness, time and resources to work out an idea or problem and in helping them "get it right" the first time.

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The barriers to start up and long-term success are surmounted by strengthening problem analysis and problem solving skills and enhancing self-confidence along with technical guidance and development. Therefore the result is a gradual reduction of direct contact which reduces the entrepreneur's dependence.

***After session checklist - for self-evaluation after a counseling/coaching session**

(To be used as an aid by the Business Advisor following a counseling session)

The session has ended. Was it successful? Or are you thinking that it certainly could have gone better? Now is a good time to go back over the details and assess the results. Use the following checklist to evaluate your part in the session.

- A. Did I put the client at ease? Was I warm and friendly?
- B. Did I use positive body language and active listening?
- C. Did I help the client to define the reason for the session?
- D. Did I ask open-ended questions and encourage the client with positive reinforcement?
- E. Did I offer effective feedback by paraphrasing and encouraging review?
- F. Did I refrain from using condescending remarks or other negative criticism?
- G. Did I maintain good structure and guide the client in staying on track?
- H. Did I help the client to identify the primary problem or opportunity?
- I. Did I guide the client in discovering possible causes and determining effective action?
- J. Did I aid the client in finding possible solutions and choosing between the alternatives?
- K. Did I at all times offer empathy for the client's feelings and express confidence in the client's ability to solve the problem or grasp the opportunity?
- L. Did I recognize areas that were beyond my scope and refer the client to other resources?
- M. Did I allow the client to take ownership of the problem or opportunity, remaining objective and offering advice only when appropriate?
- N. Did I encourage the client to view all aspects of the problem, pointing out possible consequences, both good and bad?
- O. Did the client and I agree on a course of action?
- P. Did the client and I agree on a time schedule and establish the first measurable step?
- Q. Did the client understand that the SBDC Program is not a "one-shot-deal" and that we want him or her as a client for years to come?
- R. Did I attempt to set up an appointment for the next counseling session?
- S. Did I assure the client that I am available for any questions or concerns?

Client-centered Counseling

Client-centered counseling is an advisor-client relationship that is driven by the idea that clients are best able to decide how to find solutions to their problems, and that, given time and space they can find a way through the problem to the solution.

The consultant refrains from offering advice and resists the temptation to “put the client’s life right for them” or “do for them.”

Professional-centered Consulting

This approach suggests that someone other than the client is the “expert.” The temptation to jump to the “professional-centered” intervention without actively listening to the client’s situation may prevent really effective counseling from taking place, and may suggest that the client has no ability to solve his/her own problems in the future.

A combination of “client-centered” and “professional-centered” counseling is needed in the small business development process. The key is how and when to take the proper approach without destroying the client’s confidence that they do have some expertise to work with their problems. Certainly, it is appropriate to encourage the use of appropriate specialized resources (accountants, engineers, attorneys, etc.) when the expertise is warranted.

The skill of standing back and allowing your client to explore his/her own expertise can be difficult to learn – much like teaching someone to drive. Many small business consultants remain averse to this approach because clients: “don’t have the education;” “don’t have the skills;” “only need the expertise once in a while;” don’t have the “absorptive capacity;” and “they don’t have the time”.

Some of these points are valid under specific client circumstances particularly those that require urgent and expert attention. However, the focus toward enabling clients to identify and solve their problems is more likely to achieve early and lasting results due to the client’s personal involvement and commitment as well as to the long-term entrepreneurial capacity building.

Counseling rests on the foundation that:

The client to be counseled is *able to decide on the course to take*, if he/she is oriented in the right direction.

For SBDC Business Advisors, therefore, the process of counseling is used to:

- A. Help the client to explore and understand his/her thoughts and ideas;
- B. Enable the client to work out what he/she might do before taking action; and
- C. Assist the client to decide on his/her own solutions.

As such, counseling work combines:

- A. Coaching, teaching principles, provoking thoughts;
- B. Helping the entrepreneur reflect on his/her business and personal situations and interpret what he/she sees and finds;
- C. Asking objective questions which the entrepreneur may not ask himself/herself;
- D. Helping the client stay out of legal, financial, and ethical trouble;
- E. Encouraging change in entrepreneur's attitude and behavior relating to business needs and commitments;
- F. Being supportive when the need for it arises;
- G. Orienting the entrepreneur's thinking process in the right direction;
- H. Being a source of feedback and comment on issues arising within the business of the entrepreneur;
- I. Helping the entrepreneur to analyze the ways of dealing with issues relating to his/her business;
- J. Educating the entrepreneur in respect of particular subjects or areas to his/her business operation;
- K. Helping the entrepreneur in evolving suitable action plans;
- L. Being a source of business information; and
- M. Motivating the entrepreneur to perform better.

In essence, in the SBDC counseling process, 'COUNSELING' is a set of skills, techniques and attitudes oriented towards helping people to manage and solve their own problems using their own resources.

Its objectives are to help the entrepreneurs:

- A. To think for themselves and apply the acquired knowledge appropriately to specific situations they face;
- B. To develop skills of diagnosing problems and finding solutions to them;
- C. To obtain data and information which are useful in managing their businesses well;
- D. To improve their small business management skills;
- E. To change their attitudes and business behavior;
- F. To improve the performance of their businesses; and
- G. To help the client stay out of legal, financial, and ethical trouble.

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*Client Profiles and Counseling Techniques

The following description of client types are not intended to stereotype clients or trivialize client issues, but are meant to provide a framework for consultants to recognize common client issues and provide suggestions for dealing with them.

Client Type	Description	Counseling Techniques
Dream Client	Highly motivated, proactive with realistic goals. Does homework. Gets results.	<ul style="list-style-type: none">• Help set direction. Identify most important goals and how to achieve them.• Keep them focused on their goals.• Challenge them.• Congratulate them on their diligence and success.• Measure success.
Great Business, No Time	Has a great business, but unable to grow because they never have any time.	<ul style="list-style-type: none">• Introduce time management techniques.• Establish the need to free up time and the potential value of growth.• Map out what they spend time on in a given week and identify large blocks of time to be eliminated or offloaded.• Look for low value-added tasks that can be delegated to an employee.• Justify changes to their work style with the fruits of improvement (i.e. if they can eliminate five hrs/wk of mundane tasks and spend the same time bringing in new business, they can improve their bottom line by \$X).
Loan Seeker	Seeks a loan. Not interested in other consulting services.	<ul style="list-style-type: none">• Outline criteria for getting a loan: ability of business to repay, credit history, collateral/home equity, management experience, years in business, etc.• Determine client's bankability within first 20-30 minutes and look at all possible loan programs available.• Proceed if bankable, talk about alternatives if not. Don't spend 10-25 hours writing a business plan and/or making projections, etc. if the project is not bankable.• Suggest other ways in which the center can help their business. Cite examples of consulting successes.

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Client Type	Description	Counseling Techniques
“Window Shopper”	Wants to see what the SBDC has to offer, but not really serious about working with a consultant and making real progress.	<ul style="list-style-type: none"> • Keep the meeting short, if possible • Assign rigorous homework and ask them to call when they’ve got it done. If they call, they’re serious.
Unfocused	Unfocused and prone to ramble, ideas are all over the place.	<ul style="list-style-type: none"> • Immediately write agenda on the board, allocate minutes to each topic • Establish the one or two things to focus on. • Stand up and go to the board when they start to wander. This will assert that you are in charge. If needed, walk over and stand near them. • Interrupt them when they wander. You are in charge of the meeting • Say “so how does that relate to the goals that we just established?” • Often unfocused people have great potential. All they need is a little structure.
“Explorer”	Wants to go into business, but has virtually none of the resources, experience, money, etc.	<ul style="list-style-type: none"> • Find out why they want to do what they want to do and make sure their expectations are realistic. • Give them the litmus test for entrepreneurial personality type: risk tolerance, willingness to work hard, financial resources. • Give specific examples of how much effort, time, money and risk is involved in starting a business. • Assign rigorous homework. Sometimes they won’t come back but if they do you know they’re committed.

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Client Type	Description	Counseling Technique
Unrealistic Thinks Too Big	Always has an “idea.” Predisposed to get-rich-quick schemes. Excitement about a new business idea clouds judgment. Often thinks too big.	<ul style="list-style-type: none"> • Be very frank, but do not “judge” their idea. • Identify ways to test their ideas and determine the need for it: survey, focus group, industry research, examples of similar successes. The results may help them manage their own expectations. • Help them find a way to scale back an overly ambitious venture into something more manageable, and more likely to succeed.
“On the Edge” Secretly in Financial Crisis	Seeking help with new or existing business, but really they are not making ends meet financially.	<ul style="list-style-type: none"> • Ask if they are financially ok. Are they behind on bills? Do they have adequate savings? • Be realistic about financial goals. May need to get a p/t or even f/t job. • Provide structure, timeline etc. Often this type just needs a little direction and support to get back on track. • Look for ways to make dramatic improvements. Tinkering around the edges won’t do. May need to take a risk, such as changing location, change target customer, change price structure, or cut costs because status quo is not working.

“It is important for the consultant to know, at the outset, that very often the entrepreneur’s initially stated problem will not be the real problem.”

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Client Type	Description	Counseling Technique
“Yeah, but I Already Tried That!”	Frustrated with business. Feels they’ve tried everything and nothing is working. Usually very smart. Everything you suggest they claim they’ve “already tried that.”	<ul style="list-style-type: none"> • Ask them to explain why they need your help. They need to be able to listen with an open mind, and this can help them get there. • Sometimes clients like this are looking for a silver bullet to solve their problems. It is helpful to assure them they have made solid business decisions, and there are no easy fixes sometimes. Ask them what they think they should do about the problem facing them. They will usually have a good idea what to do, but it may be difficult or unpleasant. • Cite examples of other clients that you’ve helped. This will establish your credibility and help them see their situation in a new light. • Give them something. Do a little research or make a call for them. If you can win them over with a little extra effort, it may be worth it.
Wants You to Do the Work	Wants you to do work for the, such as write a business plan or do research.	<ul style="list-style-type: none"> • Establish immediately that they are responsible for doing their own work. You are there to guide them, review and edit their works, help write an outline, etc., but they need to run with the ball • Give examples of people you’ve helped and what your role was. • Assign them significant homework. Otherwise, they may return wanting you to do their work for them.
“Meeting to Meet” Schedules Regular Meetings	Considers the meeting itself to be an end, rather than a means. Wants to meet and talk, but not goal oriented. Not motivated. Doesn’t do homework.	<ul style="list-style-type: none"> • Set goals immediately. Quantify them. Make a timeline. • Give them substantial homework and explain that it all has to be done before setting up another meeting.

Counseling Case Management

Counseling Services Documentation

One-on-one counseling is the core service of the SBDC network. Case management documents all counseling services requested, agreed upon, and conducted as well as the impacts of the services. Services are documented on paper/online to track a client's progress and to provide comments and notes for consultants or staff Business Advisors providing services.

The Client Activity Tracking System, WebCATS (CATS) is a management information system to store local data at each SBDC to facilitate analysis of counseling activity for the Center and allow data to be collected by the State office in an identical format from all SBDCs for compilation and submittal to the funding agencies: SBA, Montana Department of Commerce, the host agency economic development organizations, as well as to the US Congress and Montana State legislature, (See Appendix E, WebCATS User Guide).

Counseling Session Types

During the first visit, the Business Advisor should ensure that clients understand the scope of services available from the SBDC in order to align expectations. In order to provide the best service, Business Advisors should listen, ask appropriate questions, and determine problem areas. Often client needs can best be addressed by directing the client to specific resources and other provider organizations. Business Advisors are responsible for maintaining an ongoing professional relationship with each client assigned to them. Counseling may be face-to-face or electronic.

E-counseling can count toward SBDC goals but the counseling must be substantive. To receive credit for 30 minutes of counseling, the Business Advisor must spend at least 30 minutes researching and formulating the response. The response can include several electronic questions and responses that cumulatively add up to 30 minutes (Source: SBA/SBDC Program Announcement, Section B Guidelines).

An E-counseling exchange of information may be in a face-to-face meeting, via telephone, via exchange of e-mail, via any other media or combination of media which allows the client and the SBDC Business Advisor to exchange information describing the perceived need of the client and the capabilities of the SBDC to satisfy those needs (source: ASBDC Certification Standards). It is recognized in the case of many forms of communication, that contact time becomes a very different concept.

Client File Documentation

Business Advisors must document their client counseling sessions, noting the issues, actions taken, their assignments and their clients' assignment. These files must be kept in a secure location at the SBDC office. Documents in CATS comply with these criteria. These files must be available for review by authorized personnel such as OSBDC personnel, SBA officials, and ASBDC officials.

Quality Standards for Documentation

Good quality client file documentation is of paramount importance in order to provide excellent service and to satisfy the requirements of our SBA funding partner. Here is what is expected:

Clear evidence of high quality counseling in the files (paper and/or electronic). We are looking for 2 key elements:

1. The session notes. *Examples in Appendix F*
2. Examples of output in the file.

For example, if the Business Advisor is preparing a loan package, a copy of that package should be in the file to provide evidence of the quality of the output.

There should be clear evidence that high quality analysis, work and outcomes are occurring as a result of client/Business Advisor interaction.

Narrative descriptions for sessions on SBA Forms 1062 (or their equivalents) should contain at least the following information:

1. A description of what occurred in the session.
2. The description must be sufficient so that someone unfamiliar with the case could read the description(s) and be able to understand what had occurred in the session(s) and to continue counseling based upon the description(s).
3. An analysis of the problem to be solved.
4. Actions taken to solve the problem identified.
5. Follow-up actions to be taken prior to the next session by both the client and Business Advisor.

The purpose in writing high-quality narrative descriptions includes the following:

1. Narrative descriptions are the only means that other Business Advisors have to familiarize themselves with a case, should that become desirable or necessary. The process of writing narrative descriptions is an important part of the counseling process, for in writing the narrative, the Business Advisor takes the time to assimilate and organize what occurred in the session, which is important for planning and understanding the on-going case and maintaining focus on problem-solving.
2. Narrative descriptions are the primary evidence of the quality of counseling being delivered by a Business Advisor and key to establishing accountability. *Sample Narrative Appendix F.*

Case Management System

The Montana SBDC network uses a case management system to ensure consistent, quality data collection while also being flexible to allow use by the various management systems and styles throughout the SBDC network. The system balances the ease of use by SBDC staff and consultants and the ease of data transition from paper files to CATS.

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The documentation of the SBDC case management process is done with the use of a set of four (3) forms:

1. Client Request for Services (SBA form 641, or online)
2. Counseling Session Notes
3. Milestone & Economic Impact Data Forms.

The system may also include Contact/In-Take, Counseling History Log, Completion of Scope and Action Items forms.

*Requirements of Client Case Management

1. Every client is assigned a primary Business Advisor who monitors the case management process.
2. A single file folder (paper or electronic) is maintained for each counseling case opened. Printed collateral and any hard copy work product must be kept in this file. These files may be kept electronically.
3. All clients receiving one-on-one counseling sign a completed **Client Request For Services Form**, or electronically sign the same form online at mtsbdc.ecenterdirect.com
4. All counseling sessions are documented with a session detail form in CATS, (See Appendix E, WebCATS User Guide).
5. All applicable required fields are completed on all forms. An example of a non-applicable field is business type, if no business has been started.
6. **Milestone & Economic Impact Data** are updated each time a milestone or economic impact is achieved - and up to 24 months after the last client session.
7. All counseling case files should include: case management forms; copies of correspondence with the client; working papers including items such as draft and final business plans, financial or credit analyses and loan applications; and a client information and photographic release form (if applicable). **Any data entered or copied into CATS is considered on file.**
8. All case management documentation should be entered into CATS within 30 business days after the completion of the services provided.

Primary Business Advisor

A primary Business Advisor is assigned to all new clients and recorded in CATS. This Business Advisor is frequently the first Business Advisor seen, and is usually a generalist. The primary Business Advisor is the common thread for all the client activities with the SBDC. They create and maintain a relationship of professional trust and respect with the client. They provide general counseling, record milestones and manage the scope of work process. The primary Business Advisor makes decisions with the client regarding assignment of work with specialty Business Advisors. They will also monitor those scopes, ensure the specialty counseling is meeting the clients' needs, and record any milestones and/or investments garnered. In the event a client outgrows the primary Business Advisor's skill set, or there is another reason to hand off the client, the primary Business Advisor will identify who the new primary Business Advisor will be and affect the handoff by communicating with the client and the new primary. The originating primary Business Advisor should record this last session in CATS, and notify the centers administrator to change the primary field in the client file.

Capturing Economic Impact

Economic impact from counseling must be documented to compile and illustrate the results of the engagement. As noted earlier, a significant number of clients surveyed could not associate the service rendered with a well-defined result (the economic impact on their business) or they remained unsure whether they were helped at all. We measure client economic impact in the following categories: Increase in Sales, Increase in Profits, Jobs Created, Jobs Retained, Increase in exports, Started Business, Still in Business, and Capital Infusion.

These are documented using CATS. Economic impacts should be entered when the Business Advisor learns of them, often at the end of a Scope of Work. Entering a milestone is an opportunity to celebrate success with a client which builds the clients confidence and reinforces the value of the counseling. The primary Business Advisor should periodically review client files for milestones and investments. Frequently the benefit of SBDC counseling happens after the counseling. You need to check up with your client to see if they actually received a loan. If you haven't spoken to a client for 90 days or more it is good practice to check in to see how they are doing. This frequently turns into a session if there is a substantive exchange. This is also an appropriate time to check for milestones and investments.

The lead center will also do periodic surveys to help capture and verify economic impact. The CATS system allows the type of milestones to be documented and the economic impact to be quantified. Entry of economic impact in the CATS system involves using the Milestones, Awards and/or Investment views.

Monitoring Counseling Performance

Tracking and monitoring the center's counseling services is an indispensable aspect of SBDC center management. Regular tracking and monitoring serves as a key management tool of the director for the efficient and effective utilization of the center's resources.

Some of the areas that the SBDC lead center examines in the client case management system and CATS reports are the following:

1. Proper and timely client case management documentation.
2. Utilization of counseling hours: Travel, Prep, and Contact — a sensible allocation of counseling hours must reflect the emphasis on the client's personal involvement (contact time), whenever possible, in skills adaptation, problem analysis and acting on solutions to the problem in contrast with the Business Advisor doing it on his/her own (prep time).
3. Progressive client engagement toward completion of scope of work (DAAF) — Session Notes should have *key words* and phrases that demonstrate and *record the progress* in the client's adaptation of new or improved management skills and the results thereof (Milestones).
4. Relevant and timely client referrals to other specialist consultants or training programs, when needed and as appropriate.

Contact Information

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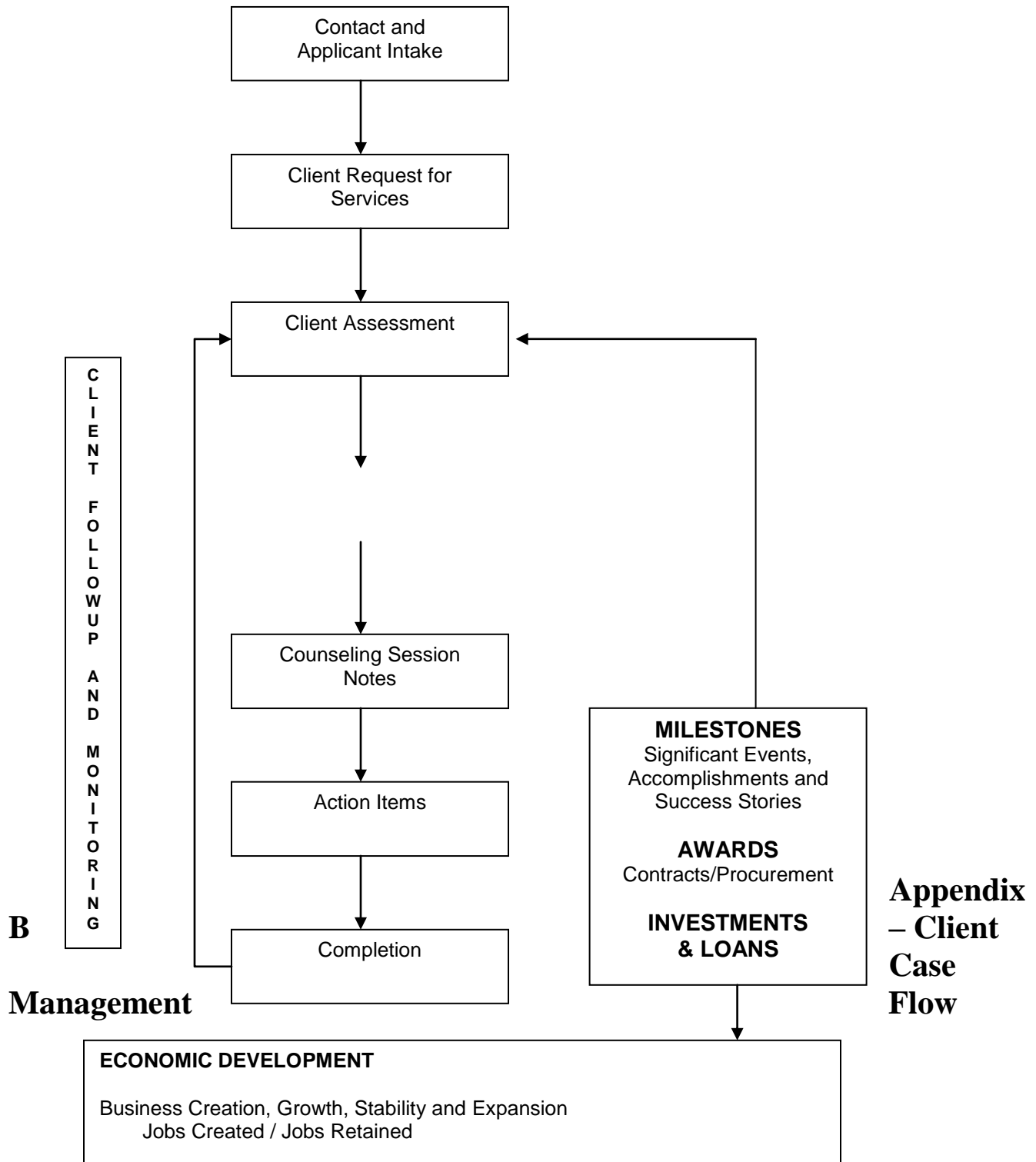
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Appendix A - Conflict of Interest Agreement

Insert current conflict of interest agreement here. An electronic copy may also be found online in the norcalsbdc.org intranet. Ask your Center Director for log in information.



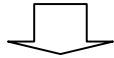
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Appendix C – Initial Contact Triage

This describes our general services and is the minimum a center should have in their policies and procedures to document client intake.

I have a few questions to find the best way we can help you. What kind of assistance are you seeking?



Are you currently in business?

Do you have experience running a business?

Have you ever owned a business?

Have you completed a workshop or other SBDC homework assignment? (See right panel for examples)

No

Yes

Identify an appropriate Primary Advisor based on their presenting assistance need. Schedule an appointment. Client needs to complete or bring the following;

1. Request for Services (SBA Form 641) at <http://nc.ecenterdirect.com> or in hard copy before their appointment. Counseling can't start without it.
2. Any financial paperwork or collateral appropriate to the type of counseling being scheduled.

Score or other basics workshops based on their presenting assistance need. Center may have an information packet and/or web tools to help the contact with start-up questions.

This process is intended to get potential clients the skills they need to take advantage of our counseling.

Ensure contact has a clear path back to SBDC services.

Examples;

“Most of your questions will be answered in the Financial Basics workshop. You can sign up on our website. Call me when you have taken it and I will schedule you an appointment with a Business Advisor to review your projections “.

“The SCORE workshop starting A Business will help you determine the feasibility of starting a business. Once you have decided to move forward and started your business plan call me back. I will schedule you an appointment with a Business Advisor who will coach and guide you through the process. We have helped hundreds of entrepreneurs like you achieve their goals.”

Counseling hours are normally focused on existing businesses.. There are a few exceptions, for example if the person has:

- Invested funds
- Extensive experience in the business he/she is starting
- A business plan
- Referred to us from a sponsor, legislator or stakeholder
- SBDC has specific grant funds dedicated to the start up client's industry
- You do not have any SBA resource partners who provide business assistance in your area.

Appendix D –First Session Checklist

- ☐ **SBA Form 641 (Request for Counseling)**
 - **Complete**
 - All fields filled out. Clarify if needed.
 - Meet SBA eligibility for “Small Business (or is a Non Profit for whom the Director has approved counseling. (www.sba.gov/size)).
 - Signed and dated on or before the first counseling session.
- ☐ **Purpose of SBDC**
 - **Mission**
 - Community economic impact.
 - Confidential.
 - Describe funding, fed, state, local host agency, or other.
 - **Advising as opposed to consulting:**
 - Business Advisors teach-clients how, instead of doing it for them.
 - Create goals with time specifications (Scope).
 - Qualified and certified professionals.
 - **Three Key components to our case management process**
 - Setting Goals – What this means for scheduling/budgeting and for expectations from client
 - Milestones – On a regular basis, I’ll be asking for key milestones (explain).
 - A primary Business Advisor who directs activity on your case and helps move you focus and move forward to meet your milestones.
- ☐ **Information about the Business Advisor**
 - **Background**
 - Industries
 - SBDC experience
 - Specialties
 - **Referrals –**
 - To other statewide technical assistance programs or resource partners as needed.
 - Referrals to workshops, ancillary training
- ☐ **Information about the Client**
 - **Client Background**
 - Business history.
 - Personal expertise, skills and challenges.
 - Other key business personnel and their expertise.
 - **Client’s Business**
 - What is your vision for the company?
 - What do you want out of the business, (Lifestyle, money, prestige, etc)?
 - What do you think is your competitive advantage (value proposition)? What is the reason customers will buy or use your product or service instead of the competition?
 - **Specific Current Plans**
 - What prompted you to contact the SBDC at this time?
 - What is your view of your business challenge?
 - What do you want/expect from this counseling?
 - What milestones will we use to measure it?
 - What progress to date have you made towards finding solutions to that problem/goal?
- ☐ **What Happens Next**
 - **Next Meetings**
 - Next steps identified-
 - Review how meetings work/scheduling, importance of 24 hours notice
 - Follow up on progress
 - Review what’s expected from the client and ensure they know they will be surveyed.

Appendix E –Business Assessment

A.Center Specific insert

B.Business/Strategic Plan Assessment

1. What are your personal goals that motivate you to start/run this business?
2. Describe the potential risks and rewards of starting/running this business.
3. Describe the support and resources you have both personally and professionally that will enable you to be successful in this business.
4. Does your company have a written business plan? When was it written? When was it last updated?
5. What is your company's purpose? What customer needs will you fill?
6. Describe where your company will be in five years. How will you achieve growth?
7. Is your company in a growing, mature, or declining industry?
8. In the past six months have there been any significant changes in your company or industry? (i.e. restructuring, products/services, technology, competition, regulations)
9. Does your company have a written strategic plan in place to address the internal and external changes in your business? When was it written? When was it last revised?
10. How much of your purpose/plan/goal have you accomplished so far?
11. What needs to be done next?

C. Product

1. Describe your product or service (concept, principle, performance).
2. What need does it fill?
3. How does it differ from existing products?
4. What are its features?
5. What are its benefits?
6. How is it priced (amount, method)?
7. Who are (will be) typical users/buyers?
8. Why will they select your offering over others?
9. Is your product/service legally protected? How?
 - a. Patent
 - b. Trademark
 - c. Secrecy
 - d. Proprietary
10. Who will be your competitors?
11. Can this product/service be improved? Can cost be reduced? Can features/benefits be added?
12. Can your offering be extended/expanded? How? Could a product line be developed?

D. Marketing

1. Who is your target market?
 - a. Potential customer/user
 - b. How many
 - c. Segments – which is most important to you? 2nd? 3rd?
2. What are the three most important characteristics of a good prospective customer for you?
3. What have been your annual sales over the last five years?
4. What have been the total sales of your product/service over the last five years (all competitive or similar products combined – the market)?
5. How do you/will you distribute your products/services to customers (stores, salespeople, Internet, mail, etc.)?
6. How do you communicate with prospective customers?
7. What are your most successful communications efforts? How do you define or measure success?
8. Do you advertise? Do you use paid media, such as newspaper, radio/TV? When? Where? What? Why? How?
9. How else do you promote your business? (electronic methods, outreach materials)
10. Describe your sales process.
11. How do you establish sales goals?
12. How are your sales persons (and/or outside agents) trained, compensated, supported by you (i.e.; brochures, etc.)?

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E. Production/Operations

1. How are your products/services created/produced (methods used)?
2. Do you have a proprietary advantage? If so, what is it?
3. Describe (briefly) your capabilities?

	PresentObjective	in 3 Years
Space: square feet and description		
Equipment: principal type, number		

4. Who are your principal suppliers, and what do they supply?
5. At what level of output do you now operate (units of production or amount of service in a time period)?
6. Describe production controls
 - a. Production/work order control
 - b. Inventory control
 - c. Cost control
 - d. Productivity, utilization control
 - e. Quality control
 - f. Customer service control
 - g. Other

F. Administration

1. Systems and Procedures
 - a. Are there written systems and procedures for all functional areas?
 - b. Is everyone concerned familiar and knowledgeable in this area?
 - c. Are controls installed to properly monitor performance?
 - d. Are these systems automated or manual?
 - e. Who writes and updates the systems and procedures?
2. Automation
 - a. Do you own a computer?
 - b. What is it used for?
 - c. What types of software do you have and use?
 - d. Do you have a systems automation plan?
3. Legal Structure
 - a. What legal structure do you currently operate under and why?
 - b. Do you plan to incorporate?
 - c. Are you familiar with the various types of corporations and which would best fit your needs?
 - d. Do you have a company attorney?
4. Accounting
 - a. Who is responsible for keeping the company books and financial records?
 - b. Do you have and use an automated accounting system?
 - c. Who pays the bills and collects receivables?
 - d. Who is responsible for monitoring cash flow?
 - e. Do you have a company CPA?
 - f. Who is responsible for tax planning?
5. Budgets and Forecasting
 - a. Do you prepare an operating budget?
 - b. Do you employ forecasting techniques?
 - c. Do you use performance reporting?

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6. Machinery and Equipment
 - a. Do you have an inventory of all machinery and equipment?
 - b. Do you know the book value and market value of all equipment?
 - c. Do you have a replacement or updating plan?
7. Insurance
 - a. What kinds of insurance do you have or need?
 - b. Do you routinely seek lower cost insurance?
8. Environmental
 - a. Are there environmental concerns such as soil, air, or water contamination?
 - b. Are there environmental compliances to be addressed?
9. Security
 - a. Is security an issue in terms of inventory control, cash transactions, theft of equipment, or vital information?
10. Licenses and Permits
 - a. What kind of federal, state, or local licenses and/or permits are required?
 - b. Who is responsible for obtaining and maintaining all licenses and permits?
11. Leases
 - a. Do you own, rent, or lease your premises?
 - b. Do you lease machinery and/or equipment?
 - c. Do you know the interest rate used and other vital information on all leased machinery and/or equipment?
 - d. Who has the authority to enter into a lease on behalf of the company?
12. Contracts
 - a. What contracts does the company currently have in force?
 - b. What types of contracts does the company seek to enter into?
 - c. Who has the authority to enter into a contract on behalf of the company?

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G.Human Resources

1. Describe your workforce (number)

	Full-time	Part-time	Contract
Management			
Administrative staff			
Production			

	Skills
Management	
Administrative staff	
Production	

1. Do you have an organization chart?
2. How and how much are employees compensated?
3. Do you provide benefits? Describe.
4. How do you secure new workers?
5. Do you provide (describe)...
 - a. Training?
 - b. Development/promotion?
6. What is your incidence of turnover?
7. What measures have you taken to comply with federal and state labor laws?
8. Do you have workers' compensation insurance?
9. Is your payroll...
 - a. Manual?
 - b. Automatic?
 - c. Produced internally?
 - d. Produced by a service?
10. What standardized forms do you use?

H. Financial Management

1. How much capital will your business require?
2. Of that amount, how much can you provide from your own resources?
3. How do you plan to secure the rest of the needed funds?
4. Have you begun to seek these funds?
 - a. Have you applied for a loan? If so, please provide a copy of the application.
5. How do you plan to use the available funds?
6. Do you have formal financial...
 - a. Statements (each year of operation)?
 - b. Projections (next five years)?
 - c. Sales forecast?
 - d. Operating statement (Profit & Loss)?
 - e. Financial statement (Balance Sheet)?
 - f. Cash flow statement?
 - g. Budget?Please provide these documents if you have them.
7. Do you have...
 - a. Collateral for financing?
 - b. Credit history?Please provide statements.
8. Does the funding you describe provide for growth? How fast can you grow within funding limits?
9. Do you plan to acquire an existing business?
10. Do you have a comprehensive analysis (including financial statements) of this business?

I. Diagnostic Comments (Program Manager)

1. Overall diagnosis of business needs and individual competencies
2. Best approach by SBDC (see next page)
3. Consultant to be assigned (if any)

J. Guidance for use of the Business Analysis by Program Managers

1. From Section B Planning (Is the plan feasible?) Would the business benefit most from...
 - a. Business Basics or Feasibility Workshop (Questions 1 – 3)
 - b. Business Plan Workshop (Questions 4 – 6)
 - c. Consulting (Questions 7 – 10)
2. From Section C Product (Is the product/service competitive?) Can client answers be evaluated in terms of three levels of progress...
 - a. Basic/beginning – answers needed to start into business (Questions 1 – 8)
 - b. Solidification – answers needed for ongoing businesses (Questions 7 – 10)
 - c. Expansion – answers needed for harmonious growth (Questions 11 – 12)
3. From Section D Marketing (Can sales and market share grow?)
 - a. Does the client understand the need to target a specific segment? Are marketing answers consistent/compatible with items 1 and 2 above?
4. From Section E Production (Is operation efficient, can it expand?)
5. From Section F Administration (Is the business controllable?)
6. From Section G Human Resources (Is the business capable of meeting operational goals?)
7. From Section H Financing (Is the financing sufficient?) Questions are generic and can be applied to three different situations with three different meanings for:
 - a. Start-up enterprises
 - b. On-going businesses
 - c. Acquisition of a business

Appendix E –WebCATS/Outreach Systems

<https://mtsbdc.outreachsystems.com/>

The following can be located at the bottom of WebCats under “Resources”

email: outreach@outreachsystems.com or help@outreachsystems.com phone: 805-965-9695

FAQ's: <http://www.outreachsystems.com/resources/help/webcats/questions/>

Tutorials: <http://www.outreachsystems.com/resources/tutorials/>

Also: <http://sbdc.mt.gov/policiesandprocedures.mcp> named **Advisor Resources**

